



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Finance

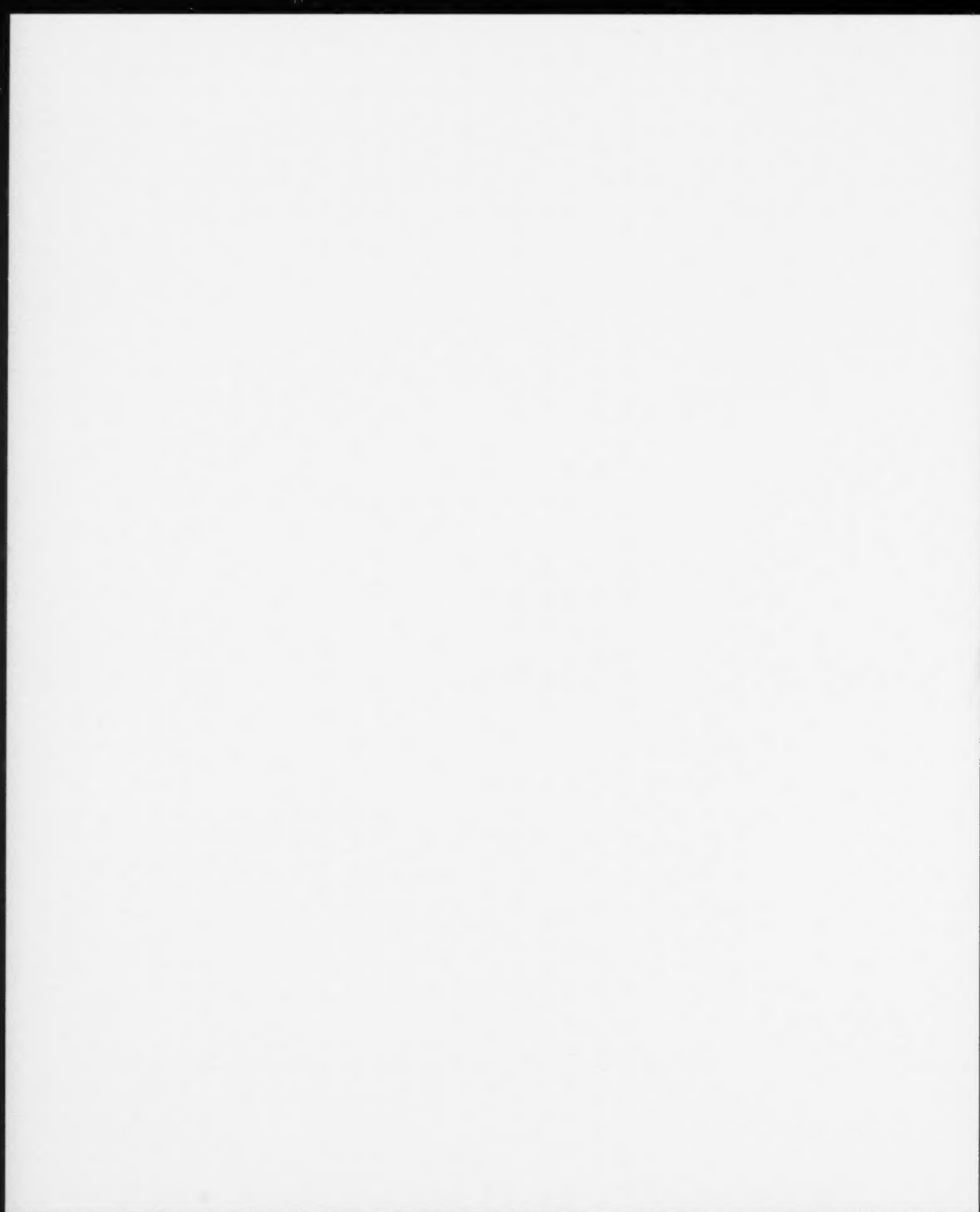
FINA • NUMBER 150 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Thursday, May 3, 2018

Chair

The Honourable Wayne Easter



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● (1615)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I will call the meeting to order, pursuant to Standing Order 81(4), we are studying the main estimates, 2018-19: votes 1 and 5 under Canada Revenue Agency, votes 1 and 5 under Department of Finance, vote 1 under Financial Transactions and Reports Analysis Centre of Canada, and vote 1 under Office of the Superintendent of Financial Institutions, referred to the committee on Monday, April 16, 2018.

For the first hour we have Minister Lebouthillier, the Minister of the CRA, plus officials from the Canada Revenue Agency.

Minister, my apologies for the moment, but we have to deal with a couple of hopefully small items before we start, because we have to get this information to the budget liaison committee by tomorrow.

You have before you the 11th report of the Subcommittee on Agenda and Procedure of the Standing Committee on Finance. I'll read through that and see if there's any discussion.

Your Subcommittee met on Monday, April 30, 2018, to consider the business of the Committee and agreed to make the following recommendations:

1. That, in relation to the statutory review of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, the Committee dedicate additional meetings based on the updated remaining lists of witnesses; and that, for one meeting, officials from the Financial Transactions and Reports Analysis Centre of Canada be asked to appear right after the consideration of the Order in Council appointment of Nada Seman.
2. That, notwithstanding the motion adopted by the Committee on Wednesday, March 28, 2018, concerning the deadline for the lists of witnesses for Bill C-74, An Act to implement certain provisions of the budget tabled in Parliament on February 27, 2018, and other measures, members of the Committee be allowed to provide up to five additional names by Tuesday, May 1, 2018.

We have those names now.

3. That, in relation to the Committee's pre-budget consultations in advance of the 2019 Budget, the Chair submit to the Subcommittee on Committee Budgets of the Liaison Committee preliminary submissions of travel to Canada (Toronto, Oshawa, Quebec City, St John, Charlottetown, Winnipeg, Edmonton, Victoria, Whitehorse) and the United States of America (San Francisco Bay Area and Silicon Valley, California, Houston, Texas).

Is there any discussion? Does somebody want to move that?

● (1620)

Mr. Greg Fergus (Hull—Aylmer, Lib.): I so move.

(Motion agreed to)

The Chair: The second item that you have before you is the request for the budget dealing with Bill C-74, which is the budget implementation act before Parliament. It relates to witnesses'

expenses in Toronto, Victoria, and Montreal; video conferences; and working meals. The total requested is \$39,800. Is there any discussion?

It is moved by Mr. Dusseault.

(Motion agreed to)

The Chair: Thank you, Minister. The floor is yours and welcome.

[Translation]

Hon. Diane Lebouthillier (Minister of National Revenue): Hello everyone, and thank you for the opportunity to appear before the Standing Committee on Finance to discuss the main estimates.

I would also like to thank the agency's four assistant commissioners who are with me today: Ms. Kami Ramcharan, Mr. Ted Gallivan, Mr. Frank Vermaeten, and Mr. Geoff Trucman.

At the Canada Revenue Agency, putting tools and services into the hands of Canadians, so that they can easily file their taxes and receive the benefits to which they are entitled, is what drives the work we do.

As Minister of National Revenue, I made a commitment to the Prime Minister on behalf of all Canadians to adopt an approach focused on our clients, the Canadian people.

The needs of Canadians and the environment in which the agency operates are constantly changing. That's why the agency must adapt and improve its services on an ongoing basis. This is true both for people who file electronically and for those who file on paper. Regardless of how Canadians choose to interact with the agency, we have made improvements.

Allow me to list some of the ones that are already benefiting millions of Canadians.

More and more Canadians are filing their taxes online. This year, more than 90% of the approximately 24 million returns Canadians filed were completed online. My Account, the agency's digital portal, now has more than 7.9 million users.

Enhanced digital services, such as Auto-fill my return and Re-FILE, allow Canadians to file or edit their tax returns online.

You may also have noticed that you can now access your notice of assessment instantly. In fact, the Express Notice of Assessment is now available in certified tax software.

The agency is also simplifying its communications. Indeed, providing Canadians helpful information depends on the use of clear, simple, easy-to-understand language. In 2017, the agency simplified the language it uses in most of its correspondence to Canadians. The Clerk of the Privy Council, in his 25th report on service excellence, commended the agency for this effort.

Responding to the questions of Canadians is also a key service that the agency must absolutely provide by phone. That is why we have an action plan to improve the quality of the services that our call centre agents provide. During the recent tax-filing period, the agency hired additional agents, and more than 3,000 of them were able to answer questions from Canadians.

In addition, we have increased the number of self-serve options to help callers get the information they need more quickly and easily. These improvements and other new measures, such as better training for agents and the implementation of a new telephone platform, will allow more callers to have access to telephone queues, which means fewer lines will be busy.

As I mentioned earlier, it's also important to continue meeting the needs of Canadians who use traditional methods to file their taxes. This year, we've made it easier for those who choose to file on paper to do their taxes by mailing approximately two million forms and guides directly to them.

In addition, people can now make tax payments in person at any of the 6,000 Canada Post outlets. This new in-person payment service makes life easier for taxpayers who live in remote areas and who may not be close to a bank or have easy access to Internet service.

Another new telephone service that was launched this year is File my Return. This service helps Canadians with low or fixed incomes, whose situations remain unchanged from year to year, to file their income tax returns by answering a few questions through an automated phone service. This year, we sent out more than 950,000 invitations to Canadians who may be eligible for this new service.

● (1625)

Lastly, I'd also like to highlight the important work done by volunteers from the Community Volunteer Income Tax Program, the CVITP. This program has been around for a long time, helping eligible people who have modest incomes and simple tax situations file their returns. The funding announced in Budget 2018 will allow the program to open more year-round tax preparation clinics, which will help more Canadians access the benefits to which they are entitled.

To conclude, I'd also like to briefly touch on the agency's recent accomplishments in fighting tax evasion and aggressive tax avoidance. The agency has taken concrete and effective steps to crack down on tax cheats. It has broadened the scope of its tools for improving its risk assessment systems. It can now assess the risks associated with all multinationals every year.

These improvements, as well as those made to other systems, provide the agency with more relevant information to better identify large businesses and individuals who may be participating in aggressive tax avoidance schemes or avoiding tax laws.

Moreover, with the implementation of country-by-country reporting, as of this year, the agency will automatically have access to information from other jurisdictions. As of March 31, 2018, audits of more than 1,112 taxpayers were underway with respect to offshore non-compliance, and the agency was conducting criminal investigations into over 42 tax evasion cases. In 2016–2017, the agency's efforts resulted in 37 convictions, over 50 years in jail terms, and \$10 million in fines imposed by the courts.

And I'm pleased to inform the committee that the fiscal service improvements offered to Canadians will not stop there, because this is an ongoing process. The agency must absolutely ensure that Canadians receive the benefits to which they are entitled. That is my priority. Budget 2018 announced the implementation of a measure to automatically register individuals for the Canada Child Benefit. Accordingly, I am pleased that approximately 300,000 additional low-income workers will receive the benefit.

Let me end by saying that improving service delivery to Canadians will continue to drive our efforts. This will ensure that Canada's tax system is fair, helpful, and easy to use.

I will now yield the floor to Ms. Ramcharan, who will speak about the main estimates.

Thank you for your attention.

[English]

The Chair: Ms. Ramcharan, go ahead.

Ms. Kami Ramcharan (Chief Financial Officer and Assistant Commissioner, Finance and Administration Branch, Canada Revenue Agency): Good afternoon, and thank you for the opportunity to appear before the committee to present Canada Revenue Agency's main estimates for 2018-19 and to answer any questions that you may have on the associated funding.

As you're aware, the CRA is responsible for the administration of federal and certain provincial and territorial tax programs, as well as for the delivery of a number of benefit payment programs. Each year, the agency collects hundreds of billions of dollars of tax revenue for the Government of Canada and distributes timely and accurate benefit payments to millions of Canadians.

As the minister mentioned earlier, in order to fulfill its mandate in 2018-19, the CRA is seeking a total of \$4.2 billion through these main estimates. Of this amount, \$3.3 billion requires approval by Parliament, whereas the remaining \$0.9 billion represents statutory forecasts that are already approved under separate legislation.

The statutory items include children's special allowance payments, employee benefit plan costs, and, pursuant to section 60 of the Canada Revenue Agency Act, the spending of revenues received for activities administered on behalf of the provinces and other government departments.

These 2018-19 main estimates represent a net increase of \$41.8 million, or 1%, when compared with the 2017-18 main estimates authorities.

The largest component of this change is an increase of \$89.8 million to implement and administer various measures to crack down on tax evasion and combat tax avoidance. This represents the incremental 2018-19 funding for measures announced in budget 2016 and budget 2017. The majority of these resources will fund new GST/HST measures aimed at preventing tax evasion and improving tax compliance, the expansion of existing compliance and verification measures, and the expansion of business intelligence activities and improved strategies that promote enhanced compliance.

The CRA is currently on track to meet the incremental revenue-generating commitments associated with these measures.

Other increases to the agency's budget include \$11.8 million to support the introduction of a new tax regime related to the legalization of cannabis, including adjustments to our systems. The funding will also be used to start processing early licence applications, so that cultivators and manufacturers are authorized to provide legal cannabis on the implementation date.

These increases are partially offset by a \$21.5-million reduction in statutory contributions to employee benefit plans, and in the forecast of cost recovery revenues, pursuant to section 60 of the CRA Act, for initiatives administered on behalf of provinces and other government departments; a \$17.1-million adjustment associated with changes in the funding profile for the various measures announced in previous federal budgets; a \$16.2-million adjustment related to accommodation and real property services provided by Public Services and Procurement Canada; and finally, a \$5-million reduction in forecasted payments under the Children's Special Allowances Act.

It should be noted that CRA's 2018-19 main estimates do not reflect incremental resources for the announcements made by the Minister of Finance in the February 2018 budget. The funding required for the implementation and administration of these measures is currently being evaluated and will be presented to Treasury Board ministers through formal submissions in the coming months.

In closing, the resources being requested through these estimates will allow the CRA to continue to deliver on its mandate to Canadians by making it easier for the vast majority of taxpayers who want to pay their taxes and more difficult for the small minority who do not, and by ensuring that Canadians have ready access to the information they need about taxes and benefits.

Mr. Chair, at this time we'd be pleased to respond to any questions you may have.

• (1630)

The Chair: Thank you very much, Ms. Ramcharan.

We'll go to five-minute rounds. That way, we can get everybody in.

We'll start with Ms. O'Connell.

Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.): Thank you, Mr. Chair.

Thank you all for being here.

Minister, a large part of the main estimates increase is in relation to the tax avoidance and evasion measures being taken. Can you provide some more details on the focus?

You mentioned some statistics and the good news in terms of the work the CRA is doing. Can you elaborate on what the main estimates increase on tax avoidance and evasion is going to look like, moving forward?

[Translation]

Hon. Diane Lebouthillier: I thank my colleague for her question.

To begin with, I would say that our government is the one that has decided to invest in fighting tax evasion and tax avoidance. The budgets allocated in 2016, 2017 and 2018 to fight tax avoidance and tax evasion amount to nearly \$1 billion. Over the past two years, we've been working to create a structure that will allow us to fight tax evasion and tax avoidance.

Auditors are currently being hired. The Canada Revenue Agency is able to assess 100% of large multinationals. I would also like to thank the committee, which recommended tightening the rules regarding the voluntary disclosures program. That is being implemented. Thank you very much for your recommendations.

We have also targeted four countries a year, we work with the OECD, and we have signed more than 60 information disclosure agreements, country by country.

• (1635)

[English]

Ms. Jennifer O'Connell: Thank you for that additional information.

Minister, in previous appearances early on in your mandate, one of the things you spoke to this committee about was your commitment to improving the customer service to Canadians when dealing with CRA. I know there have been a lot of investments and you've made a lot of key decisions. Ms. Ramcharan spoke about some of the main estimates and making things easier for Canadians.

Since you started your mandate and the focus on customer service, can you talk about some of the improvements that have been made to provide Canadians better access to quality responses when they contact the CRA?

[Translation]

Hon. Diane Lebouthillier: Thank you for your question.

As mentioned in my mandate letter, customer service is a priority for our government. Budget 2018 will allow us to make concrete improvements through investments of more than \$200 million in agency services. This considerable amount of money has allowed us to make significant improvements to the Community Volunteer Income Tax Program.

I had the opportunity to tour the offices of the Canada Revenue Agency, and everywhere I stopped, I made a point of meeting the volunteers. They mentioned that they had been left to their own devices and had received little support over the years. This has become a priority for me. As we know, volunteers work with the most vulnerable. We will therefore continue to work towards that end and take into account the information provided by volunteers across Canada.

Furthermore, thanks to new investments, we are working to modernize our digital and telephone services. We have restored postal service for seniors. Many people live in the regions and don't have access to Internet. I think it's very important to invest in services, contrary to the previous government, which had decided to reduce them.

[English]

The Chair: Thank you both. We'll turn to Mr. Kelly.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): Minister, how much money will the CRA receive under Treasury Board's central vote 40?

The Chair: That's more for Ms. Ramcharan.

Ms. Kami Ramcharan: It is approximately \$80 million from central vote 40, which is related to budget 2018 for this year.

Mr. Pat Kelly: Thank you.

Until we see the final wording of the bill that is voted on, there's uncertainty around whether or not those funds are legally bound to how they're spelled out in the annex to the budget. For example, Minister, can you commit today that the \$33.3 million allocated to fix the call service debacle will, in fact, be used for that purpose?

The Chair: Who do you want that to go to?

Mr. Pat Kelly: It's to the minister, please.

The Chair: Go ahead, Ms. Ramcharan.

Ms. Kami Ramcharan: What I can say with regard to that is that we can't commit to the exact numbers that have been provided for you in that centralized vote. We need to be able to develop our Treasury Board submissions to justify the dollar amounts we're seeking. In order to do that, we will have the opportunity to make a case to access those funds.

Mr. Pat Kelly: What do the plans to fix the call centre system consist of at this point, since they were not in the main estimates or in this money that may not be legally bound to the department?

The Chair: Mr. Vermaeten.

Mr. Frank Vermaeten (Assistant Commissioner, Assessment, Benefit, and Service Branch, Canada Revenue Agency): I'd be happy to set out our plans to improve the call centres. The improvement is already happening, and I'd say it's happening quite rapidly. The first thing of course is to hire more call agents. That process has begun, and that's been extremely helpful.

Mr. Pat Kelly: Is there no plan that's ready to go to Treasury Board? Is this still a draft and being considered at this point, Minister?

• (1640)

[Translation]

Hon. Diane Lebouthillier: As I mentioned earlier, our government is really the one that invested in call centres. I did a tour of Canada Revenue Agency offices across the country. I've met with employees over the past two years. When the Auditor General tabled his report to the agency, I wasn't at all surprised to learn what was going on, because staff had already told us about the outdated system and the absence of investment under the Conservatives.

Implementing a telephone system that meets customer demand and providing training to employees will allow us to deliver the quality services Canadians expect.

[English]

Mr. Pat Kelly: Why was there no detailed plan in the main estimates that's ready to go to Treasury Board and be executed?

[Translation]

Hon. Diane Lebouthillier: The plan was proposed to the Auditor General when he tabled his report. As I mentioned earlier, we are currently working on a telephone system, which should be in place, as I mentioned earlier, in 2018-2019. We've hired new employees and training will be provided.

[English]

Mr. Pat Kelly: There was a news story by the CBC earlier this week that reported on the disproportionate number of audits taking place on residents of the north. You mentioned in your opening remarks the difficulties around tax compliance with respect to northern residents. In response to a question about the number of those affected by these audits in the north, you said, "Listen, I can tell you I'll get you those statistics, and I'll commit to giving them to you." Do you have those statistics today?

[Translation]

Hon. Diane Lebouthillier: Our government is committed to respecting and renewing our relationship with indigenous peoples, which, in its opinion, is our most important relationship. It is also important that Northerners receive the credits to which they are entitled.

I met with several aboriginal communities in the Northwest Territories. We have adapted our communications products to Northerners and are working in partnership with Service Canada. We also visited 698 aboriginal communities across the country to share information on benefits.

[English]

Mr. Pat Kelly: With all due respect, Minister—

[Translation]

Hon. Diane Lebouthillier: I asked the agency for more information about what the people of the Northwest Territories had asked my department when I went to meet with them.

[English]

The Chair: Mr. Dusseault.

[Translation]

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Thank you, Mr. Chair.

Thank you all for being here. Thank you, Minister.

I'm going to quickly go back to what you said in response to the call centre question, namely, that you were aware of the problem. Can you explain why the numbers in the agency's output and performance reports were incorrect? You say that you knew, but according to the agency's reports, everything was fine and wonderful with regard to the call centre numbers.

Can you explain that difference?

Hon. Diane Lebouthillier: I don't understand your question.

Mr. Pierre-Luc Dusseault: According to the Auditor General, the figures published by the agency show that the call centres are working well. In fact, his report says otherwise. According to him, 50% of calls were blocked and 30% of the information transmitted was incorrect. There was no mention of this in the agency's performance reports.

Why is there a difference? You knew there was a problem with call centres.

Hon. Diane Lebouthillier: As I mentioned, the recommendations in the Auditor General's report didn't surprise me. In fact, when I met with the Auditor General, we were already working on an action plan to modernize telephone services, provide staff training and meet the standards that Canadians expect from the agency.

As for the much more technical details, I'll ask Mr. Vermaeten to answer you.

• (1645)

Mr. Pierre-Luc Dusseault: Thank you, but I'm satisfied with your answer. Since my speaking time is limited to five minutes, I'd like to raise another issue.

Can you remind me of the figures you mentioned regarding convictions over the last year?

Hon. Diane Lebouthillier: I'm happy to give you that.

In 2016-2017, there were 37 convictions, resulting in more than 50 years of prison time and \$10 million in court-imposed fines.

Mr. Pierre-Luc Dusseault: Was all that related to offshore tax evasion?

Hon. Diane Lebouthillier: It has to do with tax evasion.

Mr. Pierre-Luc Dusseault: It's related to tax evasion, but not offshore tax evasion.

Hon. Diane Lebouthillier: It's related to tax evasion. If you want more technical information about tax evasion and what that means, Mr. Gallivan can tell you more.

Mr. Pierre-Luc Dusseault: I know what that means, but I'm trying to understand one thing.

When you said that, it seemed to be about offshore tax evasion, because you mentioned fighting offshore tax evasion in your speech. You then referred to 37 convictions, 50 years of prison time and \$10 million in fines. However, if we go back to another figure you mentioned many times in the House, there have been 78 convictions with respect to offshore tax evasion.

However, thanks to the work of a good CBC journalist, Elizabeth Thompson, we realized that very few of those 78 cases had anything to do with offshore tax evasion. However, today, you still refer to the 37 cases as tax evasion convictions. And when I ask you the question, you don't say, "offshore."

Why do you use so many numbers that mislead Canadians? When I ask you about offshore tax evasion, you answer that there are 78 cases, but virtually none of those cases are related to offshore tax evasion.

Hon. Diane Lebouthillier: Our government is the one that has invested the most to fight tax evasion and tax avoidance. As I mentioned, it might be interesting for you to have a little more information instead of talking through your hat. So I'm going to ask Mr. Gallivan to explain what tax evasion and tax avoidance really are.

Mr. Pierre-Luc Dusseault: Could you tell me what was wrong with my statement?

Hon. Diane Lebouthillier: Mr. Gallivan will answer your question.

Mr. Pierre-Luc Dusseault: I would like to know so that I can ask you the right questions.

Hon. Diane Lebouthillier: We'll give you the right information. Take the time to listen to what Mr. Gallivan has to say.

Mr. Ted Gallivan (Assistant Commissioner, International, Large Business and Investigations Branch, Canada Revenue Agency): In fact, the confusion sometimes arises because the criminal prosecutions we undertake today won't result in convictions for four, five or six years. For several years now, in criminal investigations, the agency has been focusing on offshore tax evasion. That's why we're currently working on 42 files. However, the cases that have been closed in recent years are those we began working on in 2011-2012, so they haven't drawn the same attention.

I think this confusion has to do with timing.

Mr. Pierre-Luc Dusseault: The confusion comes mainly from the minister's answers.

When we ask questions about offshore tax evasion, we get a figure of 78 as an answer, but in this case, the number is 37. Personally, I think the confusion comes mainly from your side. You answer questions about offshore tax evasion and provide figures that have no...

[English]

The Chair: If I may, I believe what the minister said in her remarks, Mr. Dusseault, was that in 2016-17, related to offshore-related files, there were 37 convictions, 50 years in jail terms, and \$10 million in fines. As of March 2018, there are still 42 cases being criminally investigated.

Am I correct in those figures, so that we're dealing with the same figures?

[Translation]

Hon. Diane Lebouthillier: Yes, that's right.

[English]

Mr. Pierre-Luc Dusseault: [Inaudible—Editor] for offshore. That's what he said.

The Chair: Thirty-seven convictions offshore, and there are 42 cases offshore that are being criminally investigated.

Mr. Pierre-Luc Dusseault: But she said the 37 are not offshore. She said it's only tax evasion.

The Chair: Okay, clear this up.

Mr. Ted Gallivan: Can I...?

The Chair: Yes, clear this up, Mr. Gallivan.

Mr. Ted Gallivan: The 37 for the prior year weren't 100% related to offshore. It was a mixture, because those are files that were started many years in the past. The number 42 is our current number of offshore-related criminal investigations open today. Those files will take many years to close. When we report results in 2022-23, you'll see the ratio of offshore to domestic being much higher.

• (1650)

The Chair: You can't tell us, of the 37, how many are offshore and how many aren't. That data isn't available.

Mr. Ted Gallivan: The majority would have been domestic.

The Chair: All right.

Mr. Sorbara.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair.

Welcome, Minister.

Before I get into the one or two questions I'd like to ask the Minister, I'd like to congratulate you and the other ministers in trade and finance for your work. Yesterday we received some really good news on our economy, and it lends well to national revenue, CRA, and how we operate and attract foreign direct investment. We moved up three spots. The A.T. Kearney report came out of ranking countries worldwide in terms of foreign direct investment, and we're number two behind the United States, but we are ahead of many other countries including Germany, the United Kingdom, Italy, and so forth. That was great work by you and the ministers around that table. It's great to see Canada getting the recognition that it deserves in terms of the work that our government has done over these last three years.

I'd like to commend your department in terms of making it easy for Canadians to file online and also for the CVIT program in terms of bringing local tax preparers into offices across the country. It's

been a great program for my constituents, and many have taken advantage of it. I think we've done about 100 tax filings for low-income Canadian seniors and so forth.

My question—and I'll ask it in French—concerns tax evasion and aggressive tax avoidance.

[Translation]

How have investments in the last three budgets allowed the agency to better target offshore tax evasion and aggressive tax avoidance?

Hon. Diane Lebouthillier: I thank my colleague for his question.

The last three budgets have really allowed us to create a whole structure to deal with tax evasion and aggressive tax avoidance. As I mentioned, tackling aggressive tax avoidance was not at all a Conservative priority. In fact, Mr. Jean-Pierre Blackburn, a former Minister of National Revenue, even said publicly that this was not a priority for the Conservative government.

Our government is really the one that has invested the most in fighting aggressive tax avoidance. I had the opportunity to meet with our OECD partners in Paris during the winter. The OECD commended us for the agency's exceptional work. In the fall, Canada will even host the second OECD meeting on large businesses.

[English]

Mr. Francesco Sorbara: May I ask a follow-up question, Chair?

[Translation]

Thank you.

What leadership role has Canada played internationally to ensure the compliance of multinationals?

Hon. Diane Lebouthillier: I would ask Mr. Gallivan to give you some technical details on that.

[English]

Mr. Ted Gallivan: Thank you. As the minister alluded, Canada leads a large business network for the OECD, and there are two areas where we've expressed that leadership. First, regarding the country-by-country reports, which is an automatic exchange of information of the global activities of multinationals to be shared with countries around the world, Canada coordinated the work of the OECD to provide guidance on the effective and appropriate use of that information. It was a major global initiative affecting the taxation of multinationals. Canada was holding the pen on the procedures for how to use that information.

The second is the risk assessment of multinationals. As the minister mentioned, one of the key controls we have is the ability to assess the risk of the 1,200 multinationals operating in Canada every single year. We spent 400 hours. We have a very sophisticated IT system that new funding is helping us enhance, and we're basically helping the world understand that, see how to assess the risk of multinationals, and decide which need a deeper dive from the audit function.

Mr. Francesco Sorbara: Thank you, Chair.

The Chair: Thank you to you both.

Mr. Kelly.

Mr. Pat Kelly: Minister, have you completed the review of all of the disability tax credit applications that were declined in 2017, in particular after the change in the May 2 letter?

• (1655)

[Translation]

Hon. Diane Lebouthillier: I thank my colleague for his question.

I know full well that living with a disability is very complicated, for the person with the disability, and for the family living with that person. I want to make it clear that the act has not been amended. Exactly the same law applies.

The review we are conducting is drawing to a close. We will submit the data to the committee—I'm talking about the committee you abolished in 2006 and which was reinstated—at its next meeting. Then I'd be happy to provide you with that information.

[English]

Mr. Pat Kelly: When do you think that will happen? When is the meeting scheduled?

[Translation]

Hon. Diane Lebouthillier: The next meeting of the committee is scheduled for May 28.

[English]

Mr. Pat Kelly: Will you report back to us after the May 28 meeting?

[Translation]

Hon. Diane Lebouthillier: Committee members will be the first to receive that information from us. We can send it to you after that.

We do this out of respect for the committee members who are involved, who are dedicated to working on this update and who provide us with recommendations on the disability tax credit.

[English]

Mr. Pat Kelly: Thank you.

As part of the look back on this episode, have you determined how many people were compelled to collapse their disability tax savings plans as a result of being rejected for the disability tax credit?

Mr. Frank Vermaeten: I'd be happy to answer that.

The way the RDSP program works is that, for an individual who was initially eligible for the DTC and then became ineligible, it allows some time for the opportunity for those cases to be reviewed,

for the individual to resubmit the DTC application, or for the individual, in fact, to launch an objection and even an appeal. The winding down of that RDSP doesn't happen right away. They have essentially at least a year to wind that down, if necessary. To the extent that any cases that we reviewed were then subsequently reversed, those individuals would be able to maintain their—

Mr. Pat Kelly: Will your review of those who were declined reveal that, and will we be able to have that information as well?

Have those affected had that communicated to them adequately?

Mr. Frank Vermaeten: When we do the review, whether it's a review or a decision that's overturned, the individual is notified that they're now eligible for the DTC. It's made very clear.

I can look into the issue about whether there would be statistics about whether anybody would wind down the RDSP.

Mr. Pat Kelly: In Treasury Board vote 40, assuming the bill will make that legally binding, \$3.8 million is earmarked for the CRA to address problems with Phoenix. How much of that will go to correcting T4s, Minister, do you know?

Mr. Geoff Trueman (Assistant Commissioner, Legislative Policy and Regulatory Affairs Branch, Canada Revenue Agency): Those funds would be available for the agency to help them process the T4s. In terms of the actual issuance of the original or the amended T4s, that's the responsibility of PSPC rather than ours.

Mr. Pat Kelly: Minister, how much confidence do you have that it will be sufficient to correct the problem with T4s created by the Phoenix debacle?

Mr. Geoff Trueman: I'd be happy to take that.

We've been working very closely with our partners at PSPC in order to anticipate the release of amended T4s and to be in a position to process those as quickly as we can so that affected public servants have an accurate tax determination at the earliest possible date.

Mr. Pat Kelly: Minister, at a meeting that we had on March 26 with your officials, we talked about the difference between taxes found through audit and those recovered. Do we have an update on that and the \$560-million tax finding that was reported at that meeting?

[Translation]

Hon. Diane Lebouthillier: You're asking me about the Phoenix system, but with regard to the Revenue Agency...

• (1700)

[English]

Mr. Pat Kelly: No. This is a question on taxes found through audit, stemming from an answer that Mr. Gallivan gave.

I think you, Mr. Gallivan, recall the question that I had.

I wonder if the minister could tell us whether the amount reported, \$560 million found, has been recovered. If not, how much of that do we expect would be recovered?

Mr. Ted Gallivan: Yes. Again, going back to that prior response, it is just not possible or practical across the large number of audits we do to individually track how much these taxpayers are paying. They have multiple debts. They make multiple payments across multiple tax years.

We agree that it would be helpful for transparency to have a general percentage. The work is under way to produce a general percentage to show how much, through litigation, is conceded to the taxpayer and how much goes uncollected.

I would say, though, that the numbers continue to go up. On an apples-to-apples comparison, if you go back five or six years to when the audit function was identifying \$9 billion in fiscal impact, and now we're up at 12.8%, we're seeing a positive movement.

Going back to your point, the work is under way.

Mr. Pat Kelly: Okay.

The Chair: Okay. Thank you, all.

Mr. McLeod.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair.

Thanks to the minister for coming here today.

I was happy to see you come to the Northwest Territories, Minister. I was also very happy to see you were able to visit Nunavut. We share a lot of our concerns across the board.

During our time with you in the Northwest Territories, we heard lots about tax issues. Reassessment was one of the things that came up a couple of times. It's something that has been brought to my attention over the last while, also. Again this year, as we hit tax time, the issue of reassessment is starting to surface. The reassessment process takes time. It takes several months to go through. Usually if you're expecting a tax refund and you get notice of reassessment, you're not going to get a refund right away if you were supposed to get one. It creates a lot of hardship for the low-income families.

We know in the north that we are above the average. The average across the country, the national rate, is 4.6%. The number of reassessments that are happening in the north is almost triple that. Some people have been reassessed 10 times in 10 years.

We're really happy that the taxpayers' ombudsman has decided to do some preliminary research on this issue, on the northern residency reassessments. Her office has not yet launched the systemic examination of this issue, but they have said they are satisfied with what they have done so far.

Could you maybe tell me what actions have been undertaken by CRA that have led to the ombudsman being able to say she's satisfied with what she's seen so far?

[Translation]

Hon. Diane Lebouthillier: Thank you for your question.

I did, in fact, travel to the Yukon, the Northwest Territories and Nunavut to meet people. I can't give you any statistics at this time, but I've asked the Canada Revenue Agency for more information on this. Indeed, all the people I met during my tour are concerned about this issue. Moreover, I made a public announcement on CBC that I was taking into account what people had told me and that we were going to ask the agency about it.

[English]

Mr. Michael McLeod: Thank you, Minister.

I was glad that you acknowledged during your trip to the north that there's still a lot of work to be done on the issue of over-frequent reassessments.

Could you tell us what you're going to do going forward? What is the agency's plan to ensure that northerners are not overly reassessed? Is there a plan to address this issue?

● (1705)

Mr. Ted Gallivan: From a compliance perspective, what the minister has asked the agency to do increasingly is to match our compliance response or intervention to the issue. Where possible, we need to be leading with education, with rules clarifications, maybe suggestions to the Department of Finance, and then follow up with a lighter touch around substantiation, clarification, and maybe perspective treatment. Then, in the space that I'm accountable for, multinationals and aggressive tax planning, that's where we go in with the auditors and a 10-year audit and discretionary penalties.

What we're trying to find in this instance and others is the right mix of education, information, and possibly legislative clarification, because this isn't aggressive tax planning. These are people who are trying to access the benefits they're entitled to. What the minister has asked us to do, as a philosophy, is to review our compliance actions and choose the right intervention for the right behaviour.

The Chair: Mr. Albas.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Thank you, Mr. Chair.

Minister, thank you for your presence and for the work you and your officials do for our country.

We've had some discussions in the House in regard to the Canada child benefit. I note that in your presentation to this committee you said that the agency must ensure that Canadians receive the benefits to which they are entitled, and that is your priority.

Minister, I'm happy to hear you say that. I've worked on many cases where I see that a parent, typically the father, abandons the relationship, together with the children, and provides no forwarding address, in large part because they're looking to avoid making child support payments. They don't want to be found. These types of parents do not change their address, and they still show up as living with their former spouse. In many cases, CRA will then come along and say they believe the spouse is still living at the same address and they're cutting off or even clawing back the benefits until they see proof that the spouse is living elsewhere. In other words, they are guilty in the eyes of the CRA until they prove themselves innocent.

Minister, do you think that this is a fair way to treat vulnerable single mothers? It's mainly single mothers that I've seen this happen to.

[Translation]

Hon. Diane Lebouthillier: I thank my colleague for his question.

As a single mother myself, I know full well what single mothers experience. I'll say it and say it again: it's important that people get the services to which they are entitled.

If you have specific cases to submit, you can send them to my team. I'll make sure that the rules are respected.

[English]

Mr. Dan Albas: Minister, I appreciate hearing you say that, and I have one constituent whose concern was heard, but I've sent your office a number of these cases and we have heard absolutely nothing since that first case was resolved. In fact, I want to go back. When it comes to taking on a single mother, CRA has all the power. They can garnish wages, seize a bank account, and even seize their assets. Given that CRA has all this power, wouldn't it be a more fair approach to not claw back a mother's child benefits until CRA can irrefutably establish that there is fraud, as opposed to the current situation where something as trivial as a former spouse not changing his address can result in serious financial harm?

Minister, one of the ladies I sent to you claims that she lost her home because she did not have the benefit of the Canada child benefit. This is a serious case and I'd like to hear you say that the process is not fair but can be made fair. In fact, you said in your comments that improving the services the agency delivers to Canadians will continue to drive your efforts, that it will ensure a tax system in Canada that is fair, helpful, and easy to use.

Minister, the current system is not fair, helpful, or easy to use.

[Translation]

Hon. Diane Lebouthillier: In a previous life, I was a social worker. I've always worked for the less fortunate and those who need the services to which they are entitled. As Minister of National Revenue, I can tell you that I'll be there for the poor and those who need help and support. I'm telling you and I'm telling you again, if you have specific cases to submit, I would like to receive them. I'll make sure that those people get the credits to which they are entitled.

I'm going to ask Mr. Vermaeten to give you some technical details.

• (1710)

[English]

Mr. Dan Albas: Minister, I'm glad to hear that you personally feel very strongly about this, but it is a demeaning process. I've been told of someone who had to approach the principal of the school they had just enrolled in to get the principal to sign a letter saying that her spouse was no longer living in that home. It's a demeaning process for someone to go to a complete stranger and ask them to write a letter outlining who is living with them, who is sharing a bedroom with them.

Minister, do you not agree that this process is demeaning and can seem loathsome to a woman who is trying to get the benefits she needs for her children?

[Translation]

Hon. Diane Lebouthillier: I'm going to ask Mr. Vermaeten to really explain the process.

[English]

Mr. Frank Vermaeten: We have a large and dedicated staff, and they have an important job to try to make sure that people get the benefits they are entitled to. We do these reviews, and in some cases people will get more and in some cases people will get less. Determining eligibility is really important, particularly when there are life changes.

Our agents try to approach these issues with an increasing amount of sensitivity to the circumstances of the individual, and I think we've worked hard under the direction of the government to try to take special circumstances into account. For example, I am aware of accepting a large variety of documents to prove residency, to prove who is the mother, who lives there, so we're taking a—

Mr. Dan Albas: To ask a landlord to say who they share a room with, I think, is very demeaning. Perhaps the agency should review those documents to see whether it is maintaining the dignity of the women who are applying for those benefits. Again, there should be a process in place where they are not considered guilty until they can prove otherwise.

The Chair: Okay. We're going to have to end it there. I think the point has been made to officials that maybe this should be looked at a little more closely. I've had cases myself, the same, to be honest with you.

Before I go to Ms. Shanahan for the last question, I do have one, and that relates to the excise stamp. We hear some complaints from the tobacco industry, etc., that there may be counterfeits, stolen ones, or whatever. When I started to look into this, I found out that the excise stamp was supposed to expire on March 31, 2018, and it's now been extended to September 30, 2019.

My question really is this. On the excise, going forward, will there be an open request for proposals so that other companies may be able to apply to put in that technology? How soon will that happen? September 30, 2019, is not far away.

Mr. Trueman.

Mr. Geoff Trueman: You're correct that the contract has been extended. I believe there are also two six-month extension periods possible with that contract. Following that, there would be a request for proposals. That tobacco excise stamp contract that you referred to will also allow us to produce the cannabis excise stamps as well. It was important to get that in place to be ready for that regime.

The Chair: With the way technology is rapidly changing, is that going to give enough time? Anyway, I'll not get into it.

Ms. Shanahan.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you very much, Mr. Chair.

[Translation]

I'm really pleased to be here today. I don't always get a chance to take part in the meetings of this committee.

Minister, I really appreciate the opportunity to ask you questions. I was also a social worker, but I used to be a banker. I also worked in an accounting office.

From 2002 to 2006, the Canada Revenue Agency gave us a very good service and answered our questions. In Quebec, we are fortunate to be able to compare Revenu Québec and the Canada Revenue Agency. It was always said that the Canada Revenue Agency's services were excellent and that Revenue Quebec's services were not as good.

I left that job in 2006 to get training as a social worker. A few years later, my colleagues in the accounting office were wondering what had happened, because the situation had completely reversed. The Canada Revenue Agency couldn't afford to answer questions from professionals or individuals, while Revenu Québec was improving its services.

My colleagues know that the Auditor General's reports cover a certain period of time. Between 2012 and 2017, there were reports on the Canada Revenue Agency's call centres. So I fully agree that there were problems with the call centres. We know that positions were eliminated and I have heard anecdotes about that.

You are now working very hard to replace these people. Employees must still have the expertise to answer taxpayers' questions over the telephone. Is there a catch-up period?

• (1715)

Hon. Diane Lebouthillier: I thank my colleague for her question.

As I mentioned, the Auditor General's report didn't surprise me at all. We made a major change at the Canada Revenue Agency to improve services and ensure that employees develop skills in much more specific areas. In 2016, we implemented what we called service renewal. Changes were made at the Canada Revenue Agency. More specialized services have been centralized in various offices. Instead of dealing with generalist staff spread across the country, people will be able to use these specialized services and get much better information.

Agency employees work very hard. I really want to congratulate them on everything they've done in terms of service renewal. The

agency's 40,000 employees contributed to this effort. Phenomenal work has been done since 2016.

Mr. Vermaeten may want to add to that.

[English]

Mr. Frank Vermaeten: Perhaps I can add to that. I think the investments the government has made in the telephone system have really allowed significant improvement; that was in budget 2016, which I think stabilized the funding, and in budget 2018. When you look at what's in the OAG report, you see a reflection of some difficult times. As we move here, more call agents have been hired. There's additional training now, which we call "nesting and gating", that allows additional support after the initial training. There are investments now being made in new technology.

When you put all that together, I think you'll see a rapid improvement in the call centres. We're seeing that right now. When you look at the filing season we just had, our accessibility has never been higher. For the individual lines, it has gone up significantly compared with 2014-15 and 2015-16. Gradually, every year, we've had improvements. You really see that coming through right now.

The Chair: We have to end it there, folks.

Thank you, Minister and officials, for coming before the committee and answering our questions.

With that, I see the Minister of Finance and deputy in the wings.

We will suspend for a minute and change up the deck, I guess.

• _____ (Pause) _____

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• (1720)

The Chair: The meeting will reconvene.

With us is the Minister of Finance, Mr. Morneau, and the Deputy Minister, Mr. Rochon.

I will say at the start that I know we have a hard stop at 6:15 p.m. We do have to be done this round at 6:15 p.m. sharp.

Mr. Minister, the floor is yours.

[Translation]

Hon. Bill Morneau (Minister of Finance): Thank you, Mr. Chair.

Before I address passage of Bill C-74, An Act to implement certain provisions of the budget tabled in Parliament on February 27, 2018 and other measures, I would like to thank the members of the Standing Committee on Finance for their hard work and diligence.

I'm pleased to be here today to talk about our government's most recent budget and to answer any questions committee members may have.

[English]

When I introduced budget 2018 in the House of Commons back at the end of February, it reflected a record of achievement for Canadians. Since November 2015, more than 600,000 new jobs have been created for Canadians, most of them full time. The unemployment rate is at the lowest level we've seen in more than 40 years in this country.

If you compare Canada with its economic peers, the other G7 nations, we're leading the pack when it comes to economic growth since 2016. With budget 2018, we're building on a plan that respects the choice that Canadians made a little over two years ago—a confident and ambitious approach to growing our economy.

[Translation]

Right now, the strength of our economy's fundamentals allows us to invest in what will help keep our economy strong and growing now and in the long term. I'm talking about areas like infrastructure, science and research, as well as skills and training.

However, we have an obligation to take a serious look at the deeper problems that continue to slow down our people and our economy.

[English]

That's where this year's budget comes in.

The measures in budget 2018 reflect our government's continuing commitment to strengthening and growing the middle class, and doing so in a fiscally responsible way. There are important measures from budget 2018 contained in the BIA, and I'd like to take a few minutes to describe a few of them.

The first is the new Canada workers benefit. We know that the future success of Canadians and, indeed, the future success of our economy as a whole rests on giving more people more opportunities to work and to earn a good living from that work. As a strengthened, more accessible, and more generous replacement for the working income tax benefit, the Canada workers benefit will allow low-income workers to take home more money while they work, encouraging more people to join and stay in the workforce, and offering real help to more than two million Canadians who are working hard to join the middle class.

I'll give you a sense of what this will mean for Canadians. A low-income worker earning \$15,000 could receive nearly \$500 more from the Canada workers benefit in 2019 than he or she would have under the previous working income tax benefit.

[Translation]

Our government will also make it easier for workers to get the allowance to which they are entitled. We are proposing amendments to allow the Canada Revenue Agency to automatically determine whether these tax filers are eligible for the new allowance.

By making this benefit more generous and automatically paying it to all eligible individuals, we will be helping about 70,000 Canadians lift themselves out of poverty by 2020.

• (1725)

[English]

In total, our government will be investing almost \$1 billion in new annual funding, starting in 2019, to help low-income workers get ahead and stay ahead.

Also included in the budget implementation act are changes to better support Canada's seniors because we believe, as we know Canadians do, that every Canadian deserves a secure and dignified retirement. In June 2016, the government reached an historic agreement with provinces to enhance the Canada pension plan, the CPP enhancement. It will begin to be phased in next January, and it will mean more money for Canadians when they retire so that they can worry less about their financial situation and focus more on enjoying their retirement.

With the action taken by Quebec to enhance the Quebec pension plan in a similar fashion, all Canadian workers can now look forward to a safer and more secure retirement.

The budget implementation act includes the additional CPP benefit increases that were agreed to with the provinces last December. A unanimous consensus was reached to further strengthen the CPP in order to provide greater benefits to parents whose income drops after the birth or adoption of their child, to persons with disabilities, to spouses who are widowed at a young age, and to the estates of low-income contributors. These changes we have put in place without raising CPP contribution rates.

This year's budget, and consequently the current BIA, is also heavily focused on helping Canadian women and Canadian families succeed.

As you may know, women's participation in the workforce in Canada is the highest among G7 countries, but it's still nearly 10 percentage points below the rate for Canadian men, even though Canadian women are among the best educated in the world. The gender wage gap is also an issue in Canada, as it is in many other places. In 2017, for every dollar per hour a male worker in Canada earned, a female worker earned 88¢.

[Translation]

Canadians are under-represented in leadership positions and in science, technology, engineering and mathematics. We also know that unpaid work requirements, such as child care or caring for sick or elderly family members, are disproportionately handled by women, making it difficult for them to take advantage of other opportunities, including work opportunities.

Therefore, in Budget 2018, we announced a new shared EI parental benefit, use it or lose it, to encourage both partners in a two-parent family to share child-related work equally.

[English]

The employment insurance parental sharing benefit isn't part of the budget implementation bill, but I'd be happy to answer any questions about it that you may have.

We're also taking steps to further help Canadian families through a strengthened Canada child benefit. Compared to the old system of child benefits, the CCB gives low- and middle-income parents more money each month, tax free, to help with the high cost of raising their children. It's simpler, more generous, and better targeted to help more families who need it most. Thanks to the CCB, nine out of 10 Canadian families now have extra help each and every month to pay for things like healthy food, music lessons, kids' activities, or whatever their family wants. In dollar terms, families that receive the CCB will get on average about \$6,800 this year. Across the country I've heard, and I'm sure many other people in this room have heard, this income is making a real difference for families. It's making a real difference for children, too.

Since its introduction in 2016, the CCB has helped to lift 300,000 Canadian children out of poverty. The budget implementation bill strengthens the Canada child benefit by indexing its benefits to the cost of living, starting this July. I should note this is fully two years ahead of the previous schedule. It's because our economy is strong and growing, and because of our government's stronger fiscal position that we're able to offer this extra help to families now.

[Translation]

Finally, Mr. Chair, I'd like to say a few words about our government's commitment to providing greater support to small businesses that create the jobs Canadians depend on.

● (1730)

[English]

Small businesses create good jobs and help support communities and families across this country. Small businesses account for about seven out of 10 jobs in the private sector. We know that low and competitive tax rates allow Canada's entrepreneurs to invest in their businesses and create even more good, well-paying jobs. That's why we cut the small business tax rate to 10%, effective this past January, with a plan to lower it again to 9%, effective January 1, 2019. By this time next year the combined federal-provincial-territorial average income tax rate for small business will be 12.2%, the lowest in the G7 countries and the third-lowest among members of the OECD. For the average small business this will mean an extra \$1,600 per year to reinvest in new equipment, new products, new jobs.

There is one last thing I'd like to mention because I know it's of great interest to this committee, and that's the terminology used by credit unions. The budget implementation bill would provide prudentially regulated, deposit-taking institutions, such as credit unions, with the ability to use generic bank terms under the Bank Act, subject to disclosure requirements.

Mr. Chair, the measures contained in the budget implementation bill represent the next step in the government's plan to put people first, to deliver the help they need now, while investing in the things that will deliver growth for the long term.

Thank you again for having me here with all of you today. I'll be happy to answer questions from members of the committee either on budget 2018 or on other measures, as you wish.

Thank you.

The Chair: Thank you very much, Mr. Minister.

I would be remiss, too, if I didn't thank you and the deputy for the number of officials who have been trooping before this committee as we go through the budget implementation bill. I want to thank them for sometimes sitting and waiting while we continue our work.

We have five-minute rounds.

Mr. Fergus.

[Translation]

Mr. Greg Fergus: Thank you very much, Mr. Chair.

I'd also like to thank you, Mr. Morneau. I must congratulate you for presenting a well-designed budget, which was very well received by the people in my riding of Hull—Aylmer.

A good budget is one that provides measures for the less fortunate. I would like to highlight two measures in particular, the Canada Child Benefit and the Canada Workers Benefit, which replaces the Working Income Tax Benefit. I think these two measures will change things for a number of people who are working very hard to put bread on their tables.

I'd like you to comment on those measures, because it is somewhat unusual for a Minister of Finance to take care of those people.

Hon. Bill Morneau: Thank you, that's a good question.

I think it's very important to consider how we can have more impact on the economy, both now and in the long term. However, that's not really possible without people working and people doing things for themselves and their families, which helps the economy at the same time.

That's why we believe the Canada Workers Benefit is very important. This measure will help people join the workforce. It's very important to have more opportunities to do so, and it also generates more benefits for the economy when they find work. So they will have more opportunities and will participate in the economy. That's going to bring them more while they work and it's going to go on longer as they earn even more.

As for people who are eligible for the Canada Workers Benefit, an automatic process is necessary. That's very important. That way, we can have more opportunities to improve the growth of an economy that works with more workers.

We know that the Canada Child Benefit is very important for families. This additional money will allow more women to participate in the workforce and help improve family incomes.

For our economy, it was really important to start with that, because families are really better off when they have more money. In addition, they spend their money to meet their needs and that supports the economy. So we are in a good position. It's really thanks to workers across the country. The Canada Child Benefit and the Canada Workers Benefit are two important measures to ensure that this good situation persists.

● (1735)

[English]

The Chair: Make it a fairly short question, please, Greg.

[Translation]

Mr. Greg Fergus: I think it's important in terms of the economic framework as well. A number of measures will really benefit small businesses. We know that they are an engine of job creation.

Can you give us some details on the measures in Budget 2018 that, combined with other initiatives included in the previous two budgets to really establish a good framework, will increase the number of jobs in the medium and long term?

Hon. Bill Morneau: The most important thing for a small or medium-sized business is, of course, economic growth. At the outset, this is very important. We are in a good position, much better than we were before.

Moreover, we obviously need to have workers. Measures that help families and workers join the workforce improve the situation for small and medium-sized businesses. If we want them to invest more in the future, having a low tax rate is very good. That measure was important to us.

However, the most important thing for us is to ensure that the measures help small and medium-sized businesses make investments. That's exactly what we've done with changes to the system. So it's very good for them, of course. With the unemployment rate lower, some small and medium-sized businesses are facing challenges. That's why we continue to implement measures to improve the workforce and to provide the training and education needed to have the workers we need in the future.

[English]

The Chair: Thanks, both of you.

Mr. Poilievre, you have five minutes.

Hon. Pierre Poilievre (Carleton, CPC): Minister, you're here today to discuss this bill. Two hundred pages of it or almost half of it deals with a federal carbon tax that you seek permission to impose in provinces that do not have their own. When that federal carbon tax is imposed and fully implemented, how much will it cost the average Canadian family?

Hon. Bill Morneau: What's important to know is that we have put forth a backstop. We've actually said that what we want, as you know, is a pan-Canadian approach to carbon pricing that allows each province to take their own approach to putting that measure in place.

Of course, up to now, we've not yet heard from each province on exactly the way they're going to move forward. They have until September 2018 to do that. I imagine that if you were to talk to the provinces right now, they're going through analysis on how they can create the best economic outcomes—

Hon. Pierre Poilievre: Sorry, Minister, we're short on time. I'm asking strictly about the federal carbon tax that you seek permission to impose through this bill.

Once again, how much will your federal carbon tax cost the average family when fully implemented?

Hon. Bill Morneau: To be clear, our approach is to—

Hon. Pierre Poilievre: How much?

Hon. Bill Morneau: —price carbon—

Hon. Pierre Poilievre: How much will it cost, though?

The Chair: Mr. Poilievre, the minister has the floor.

Hon. Bill Morneau: Our approach is to price carbon so that we can actually improve our economy over the long term and, of course, we have examples to show how this can work. If you look in British Columbia, which has had carbon pricing, we've seen significant economic gains. When you look in Quebec, which has—

Hon. Pierre Poilievre: Mr. Chair, the minister has had a chance—

Hon. Bill Morneau: —a cap-and-trade approach, we've seen a positive economic outcome.

Hon. Pierre Poilievre: On a point of order, Mr. Chair, the minister has had his opening statement. My question was a very specific one: How much will the carbon tax cost the average family?

The Chair: The minister is responding to your question. I believe the minister is done. The question is yours.

Hon. Pierre Poilievre: How much will your federal carbon tax cost the average Canadian family when it's fully implemented?

Hon. Bill Morneau: I think as you know, our approach around the pricing of carbon is to make it revenue neutral. We are looking towards the provinces to determine the approach they're going to take, and that, in our estimation, will be revenue neutral from the federal government's standpoint.

Hon. Pierre Poilievre: How much will it cost? This bill seeks to allow you, as a federal government, to impose a carbon tax in provinces that don't have their own. In those provinces, how much will that carbon tax that you wish to impose cost the average Canadian family?

● (1740)

Hon. Bill Morneau: Perhaps there's a language issue: "revenue neutral". That actually means exactly what it says.

Hon. Pierre Poilievre: How much does it mean?

Hon. Bill Morneau: When the provinces choose their approach, from a federal government standpoint we are saying that it's revenue neutral. They will choose their approach. At that time, they will determine, themselves, how they can actually put that revenue to work in the provincial method that they've chosen.

Hon. Pierre Poilievre: Yes, I understand that, but where provinces don't have their own carbon tax, this bill will empower you to impose one. Your officials have admitted that it will raise gas prices by 11¢ a litre and home-heating prices by over \$200 on average. How much will it cost the average Canadian household to pay your proposed federal carbon tax? How much?

Hon. Bill Morneau: Actually, Mr. Poilievre, our view is that it would cost significantly more for Canadians over the long run, for Canadians in their households and for Canadian businesses, if we don't take an appropriate approach to carbon pricing. I will tell you that I've been meeting—

Hon. Pierre Poilievre: How can you be sure of that if you don't even know or won't even say how much it will cost Canadian households to pay this tax? How much will it cost the average family?

Hon. Bill Morneau: I will tell you that I've been meeting—

The Chair: We're going to be respectful here, guys.

Hon. Bill Morneau: —with Canadian businesses that are trying to think about how they can appropriately talk about the risks over the long term of climate change and the costs that those will impose on their businesses and on Canadians writ large.

In our view, this is actually the approach to make sure we have a strong economy, which means we will actually be deferring potential costs for Canadians over the long term. We will move forward with this approach, which we think is economically positive and which will help not only businesses but Canadians over the long run.

The Chair: This is your last question, Mr. Poilievre.

Hon. Pierre Poilievre: Will it cost more than \$3,000 for the average household?

Hon. Bill Morneau: Perhaps again you're not fully hearing what I'm saying. The Canadian approach is a pan-Canadian approach, so the provinces are going to be choosing their own approach, and—

Hon. Pierre Poilievre: Perhaps you're not hearing the question. The question is, how much will it cost the average family?

The Chair: Mr. Poilievre, the minister has the floor.

Hon. Bill Morneau: —the approach from the federal government, as a backstop, will be revenue neutral.

Hon. Pierre Poilievre: How much will it cost?

The Chair: Mr. Minister, you're saying it's revenue neutral?

Hon. Bill Morneau: As I've said, it will be revenue neutral.

Hon. Pierre Poilievre: So that means the average family won't pay anything.

The Chair: Mr. Poilievre, your time is up.

Mr. Dusseault.

[Translation]

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chairman.

Minister, thank you and your team for being here.

My first question is about expectations. In your budget statement and in a speech in the House, you announced pay equity legislation. Even today, you referred to wage gap between men and women in Canada.

Furthermore, everyone expects to see in C-74, which the committee is studying today, pay equity measures. However, this 500-page bill makes no mention of pay equity.

Can you explain why you again decided to delay implementation of pay equity legislation?

Hon. Bill Morneau: As you know, we have two bills that implement our measures in the budget. In the second bill, there will be a tax fairness act. We think it's very important, and that's why it's in our budget. That will be part of our legislation this year. So it will be there.

Mr. Pierre-Luc Dusseault: Thank you for your firm commitment to include this in the next budget implementation bill. That said, most people were extremely disappointed, considering the importance you place on it, that it's not in the first bill. This was the first opportunity to implement such legislation.

My second question relates to a study of our committee on money laundering and the proceeds of crime. In Canada, we are increasingly talking about *snow washing*. International bodies such as the G-20 are even aware that Canada ranks last in the world in terms of business information.

I'd like your opinion on a national public registry of beneficial owners of Canadian businesses. Your opinion can guide the committee's work.

• (1745)

Hon. Bill Morneau: For our government, it is very important that Canada's tax system work for those who are here, in Canada, but also for companies and people doing business in other parts of the world. I think that's very important. We have been working with the provinces to find ways to introduce beneficial ownership, which is very important.

As you know, more than 90% of Canadian companies are registered in the provinces. So we have to work with them to find a solution that works. Every time I've had meetings with my provincial counterparts, we've had discussions about how to do that. We've found an approach and reached an agreement on how we can improve the situation. We're going to continue to look at that, because we think it's very important. We've also taken other measures to ensure that the tax system works well in Canada. As far as companies are concerned, these measures help us ensure that they don't circumvent the laws to improve their international tax situation.

Mr. Pierre-Luc Dusseault: Thank you.

I'd like to briefly touch on another topic.

[English]

The Chair: Be very quick.

[Translation]

Mr. Pierre-Luc Dusseault: Our committee has received many letters about medical cannabis and the imposition of sales and excise taxes on medical cannabis.

What is your opinion on the subject? What do you say to all the citizens who have written to us asking that we not impose sales and excise taxes on medical cannabis?

Hon. Bill Morneau: We think it's important to have a tax system that supports our project when it comes to taxing cannabis. This means ensuring that children will not have access to cannabis and that criminals will disappear from the market.

We think full market access is necessary, but we know there will likely be situations in the future where cannabis will be prescribed by a physician. So if we have the identification number of the drug, we won't tax medical cannabis.

In our opinion, this will be the appropriate approach for people with an illness and for the rest of the Canadian population.

[English]

The Chair: Thank you both. We're a little over time.

Mr. McLeod.

Mr. Michael McLeod: Thank you, Mr. Chair, and thank you, Minister, for joining us once again.

My staff shared a document with me this morning that made me quite happy. It's the GDP report from Stats Canada, and it showed that there was an increase in every province and territory for the year 2017. That's the best since 2011, which is really exciting to see. It was really good to see that Alberta had increased by 4.9%. The information that was better, though, was that the Northwest Territories increased by 5.2% and Nunavut by 13%, so things are moving in the right direction for us. We're doing a lot of things that are helping us move forward.

I didn't expect that. I raised it with you several times. I expected that we needed to see the land claims and self-government issues resolved before we would see the economy grow. We also needed to see more transportation infrastructure in the north in order to attract industry there, where it's very expensive to do business.

Since our government has come into power, we have 10 sets of negotiations—10 sets of discussions with indigenous governments going on at this point. We didn't have any going on three years ago, which is really positive.

On the infrastructure side, we're playing catch-up. We have a huge deficit. Whether it's municipal or transportation or any part of infrastructure, we need investment. We have a number of things that are causing us some concern. The main one is the cost-sharing component of our investment from the federal government, and the requirement for the municipality or the territorial government, in our case the Government of the Northwest Territories, to put in a share. This is fine, except we are starting to hit our borrowing limit.

I'm not sure if that's the case with the provinces. Is there a difference between the provinces and the territories when it comes to borrowing limits?

• (1750)

Hon. Bill Morneau: First let me say that I started out my day this morning with a meeting with the three premiers from the territories, and it feels like I'm ending my day with a similar line of questioning.

It's of course really important that we think about the different challenges that face different parts of the country, starting with the good news, of course, that we are experiencing strong growth in the three territories, and that all three territories have a solid budgetary situation.

Obviously in each case they have significant revenue that comes through the federal government. We also realize that there's always more that can be done, and infrastructure, as was pointed out to me by the three premiers, is a particular challenge. Yes, their borrowing situation is obviously different from other places in the country. I don't believe they issue their own bonds, do they?

Mr. Paul Rochon (Deputy Minister, Department of Finance): I think they do.

Hon. Bill Morneau: The capacity for borrowing is clearly less, though, given the size of the economies. We heard that request from the premiers this morning, to have different potential cost-sharing on infrastructure. It's always important that we look at how the programs we put in place impact different parts of the country, because they certainly have a varied impact.

I don't have any conclusions for you right now but I know that point has been brought up. It was brought up later in the day, as well, with Infrastructure Minister Sohi, and he's working to understand the implications of the current approach on the ability for the territories to actually make good use of the money. What I heard from the premiers was that at least in a couple of cases, there's a concern that they might not be able to fully utilize the infrastructure opportunity because of the cost-sharing required. That's something we need to understand and are working to understand more.

The Chair: Sorry, Michael, a long question and a long answer.

Mr. Poilievre.

Hon. Pierre Poilievre: Back to the roughly 200 pages in your budget bill that are dedicated to the federal carbon tax that you will impose in provinces that don't have their own, will that federal carbon tax cost more than \$500 for the average Canadian household?

Hon. Bill Morneau: Again, I want to step back to the methodology here. What we're aiming to do is have a pan-Canadian approach to the pricing of carbon. We know that, over the long term, this is positive for our economy. We're seeing climate events that are obviously causing important economic challenges.

Hon. Pierre Poilievre: Will it cost more than \$500, though, just out of curiosity? That was really the question. It was very straightforward.

Hon. Bill Morneau: Unfortunately, in coming to an evaluation of something, you do need to consider what the issue is that you're trying to solve. We're trying to solve for long—

Hon. Pierre Poilievre: Will it cost more than \$1,000 for a household, an average household?

The Chair: Mr. Poilievre, you can't ask the same question 20 times.

Hon. Pierre Poilievre: That was a different question.

The Chair: It was pretty close to the previous one.

Mr. Minister.

Hon. Bill Morneau: We're trying to solve for ensuring that we have long-term economic growth in this country, growth that's not hampered because of environmental challenges, including climate change. We know that this approach is the way to do that.

We're seeing businesses follow along and recognize that this is critically important. What we will say is that the approaches taken in different provinces will have different long-term, positive impacts based on what they do.

• (1755)

Hon. Pierre Poilievre: Right.

The question was whether it will cost more than \$500, and you didn't answer, so then I asked if it will cost more than \$1,000 for the average household. You didn't answer that either. Will it cost more than \$1,500 for the average Canadian household to pay this federal carbon tax when it's fully implemented?

Hon. Bill Morneau: I think the challenge that you're facing is that you're asking the wrong question.

Hon. Pierre Poilievre: Oh, oh!

Hon. Bill Morneau: What you should be asking is this: What are the advantages to the pricing of carbon over the long term? It's a better environment. It's a situation where we'll have fewer climate change events. It's a situation where businesses will make investments that are going to grow our economy over the long term. That's what we're trying to achieve.

Hon. Pierre Poilievre: Excuse me, Minister. You just told me that I was asking the wrong question. For people who are struggling to pay their bills, for people living in Vancouver who are paying \$1.60 a litre for gas right now, it is exactly the right question.

I have literally never seen a finance minister come before a committee and ask for the power to impose a tax without indicating what that tax would cost. So, will this tax cost more than \$2,000 for the average Canadian household?

Hon. Bill Morneau: You're ignoring the fact that we're passing the money back.

Hon. Pierre Poilievre: To whom?

Hon. Bill Morneau: It's a revenue-neutral issue.

Hon. Pierre Poilievre: To whom?

Hon. Bill Morneau: The decision will be taken by the provinces. What you are doing by focusing on British Columbia, of course, is ignoring the fact that this approach, this carbon-pricing approach, has been in place for about a decade. In fact, during that decade,

household growth has been significant in terms of incomes in British Columbia, as has overall economic success.

Hon. Pierre Poilievre: You're going to impose this tax. Will it cost more than \$2,000 for the average household?

Hon. Bill Morneau: Sorry, again, what we're saying is that we're looking for provinces to come up with an approach—

Hon. Pierre Poilievre: But you're collecting the tax.

Hon. Bill Morneau: —to pricing carbon that will help the environment over the long term. Should they not get to an approach, we'll have a backstop approach that will be revenue neutral.

Hon. Pierre Poilievre: That means free? You said "revenue neutral"? Does that mean free?

Hon. Bill Morneau: What we're saying is that the federal government's role is that it will have a choice of how to do that and will be able to do it in a revenue-neutral approach.

Hon. Pierre Poilievre: The federal government will collect the tax—

Hon. Bill Morneau: You'll have to talk to the provincial capitals to find out that answer.

Hon. Pierre Poilievre: Excuse me. You said that the federal government would collect the tax in provinces that don't have their own carbon tax. You now use this term "revenue neutral", I asked if that meant it would be free for Canadian households. When their gas bill goes up, when their heating bill goes up, when their grocery bill goes up, is that all going to be free?

Hon. Bill Morneau: I think, from the federal government's standpoint, what I'm trying to explain is that there will be no net increase in tax.

Hon. Pierre Poilievre: Will you collect GST on the carbon tax?

Hon. Bill Morneau: I think what you're going to have to do is wait until September when the provinces give us the direction in terms of what they're each going to do.

Hon. Pierre Poilievre: You want us to pass this bill to give you the power to impose the tax now, and then after the bill is passed, we get to find out what it means to our constituents. Is that what you're asking us to do?

Hon. Bill Morneau: We've already told you that it's a revenue-neutral approach.

Hon. Pierre Poilievre: I just asked you if that meant free, and you still won't answer that question.

Again, back to another question, will you charge GST on this tax?

The Chair: That's your last question.

Minister, go ahead.

Hon. Bill Morneau: What we will do is not leave aside the responsibility to deal with our environment over the long term. We will not leave aside the opportunity for us to be leaders on the planet in clean technology. We will not leave aside the climate risks and challenges to the next generation of Canadians.

What we've decided to do is move forward in a way that is achieving a broad consensus. We're seeing that businesses are coming on board. In fact, they're asking how they can represent those risks actually in their own financial disclosures.

We know that, over the long term, this is going to be positive for our economy, and we look forward to being a leader in the world on this front.

The Chair: Ms. O'Connell.

Ms. Jennifer O'Connell: Thank you, Mr. Chair, and thank you, Minister, for being here.

I want to start out by asking questions about Canada's competitiveness and the ability to attract foreign investment. I've spoken about this at this committee and to you as well. Certainly, internationally, and definitely in Europe, they're leading the way when it comes to climate-related financing, so I was really happy to see the announcement of an expert panel, with climate financing announced as the first step. I was also happy to see that my home province of Ontario has actually moved forward to have climate risk investment disclosures.

My question is somewhat twofold. One, how are you working with the provinces and territories, and with the expert panel, on how to determine some of these climate policies around finance? Two, how does that then make us more competitive, especially when we know that other countries are somewhat ahead or really moving along in this regard?

• (1800)

Hon. Bill Morneau: We know that in the market, publicly traded companies need to present risks to their investors, so they have a responsibility to represent in their statements to investors risks that are clearly identified in the short term. If you looked at the statements that come out from property and casualty insurers, for example, you would see that they're ahead on this game. They recognize that climate-related risks are significant challenges. Environmental issues are front of mind for them.

What we're finding is that, globally, people are recognizing that long-term environmental risks around increasing carbon pollution are a problem that should be represented as a long-term risk for many businesses. I will tell you that businesses are getting together to think about how they can represent those longer-term risks and how those can be presented to investors so that they can think about the appropriate decisions to take for their investment. What that will do, of course, is enable businesses that take appropriate approaches to get a lower cost of capital, because they will see a greater influx of people interested in investing in their business or their opportunities.

We're starting to see that work together. We've seen not only institutional investors and pension funds coming to the table worrying about their long-term investments and the environmental risks, but also large firms, both those that emit a large amount of carbon and those that don't. That's because they want to think about

how they can become more efficient in the case where they emit a lot of carbon, and for those that don't, they want to represent the fact that they see themselves in an advantageous position.

We think working together to make this more clear to investors is critically important and will lend itself to the right kinds of behaviours for investment, both in firms that are in the resources and those that aren't. What I find in those discussions is that firms in the resource sector are looking for ways that they can responsibly address the long-term challenges that are presented to their businesses and therefore to their investors.

Ms. Jennifer O'Connell: Thank you.

Following up on that, one of the strongest policies to move forward on climate change is pricing pollution. Certainly, this is something that many countries around the world are moving towards. In Canada, 85% of the population already lives in a regime with pollution pricing.

I guess my question in another way is what the cost would be if we did nothing. I know there are reports about insurance claims going up. I was in municipal politics, and I've mentioned that many times. The cost to municipalities to prepare for climate change and adaptation is enormous, and it's all on the backs of property taxpayers. We don't build storm sewers for 100-year storms anymore. We build them now, basically, for every five to 10 years. Can you talk a little bit about the overall cost if we actually do nothing on climate?

Hon. Bill Morneau: It seems to me that in this area, we have to play a short and medium game, and a long game. With the short and medium game—and the very short, obviously—we're dealing with the immediate costs. Property insurers are seeing risks go up. They're seeing their claims go up. We're hearing directly from them that this is a big challenge. That is an immediate issue. They're talking about how we can develop more resiliency against those challenges by seeking ways that we can create more ability to deal with these issues, including, even in the case of the government, thinking about how we can be prepared for what will be eventual costs that come from those challenges.

In the longer term, of course, it's exactly as you have pointed out. It's around carbon pricing so that we can be part of a global consensus on how we can move forward to deal with this issue. It's obviously not easy, as we see. Even getting coalitions to do this is fraught with challenges because in different countries, and even within countries like ours, there are different footprints.

It seems to us that we're making progress, though. It seems to us that in Canada we've made great progress. You mentioned 85%. It's really about capturing the rest of the population and ensuring that we have an approach that deals with this in a way that can be manageable for individuals and businesses, and can create the economic advantage over the long term that we're seeking to have.

• (1805)

The Chair: Thank you both.

I have Mr. Poilievre, then Mr. Sorbara, and hopefully we'll have time for one question from Mr. Dusseault.

Mr. Poilievre.

Hon. Pierre Poilievre: The minister refused to answer the cost of the carbon tax to the average Canadian household.

Mr. Rochon, thank you for being here today. You received a memo on October 20, 2015, which provided some costing for various carbon tax options. The memo reads:

This memo focuses on the potential impact of a carbon price on households' consumption expenditures across the income distribution. Key findings are....

It's blacked out in the version that I received. Clearly, the blacked-out area is a table that shows how much people would pay in taxes depending on their incomes.

How much would a family that earns, say, \$40,000 a year pay under a new carbon tax?

Mr. Paul Rochon: I think the ultimate outcome is entirely dependent upon the design of the tax and the rebate that is provided to households from the proceeds of the tax, but it's design-specific.

Hon. Pierre Poilievre: In this document, how much does a family earning, say, \$40,000 pay in a carbon tax?

Mr. Paul Rochon: As you know, we receive requests for access to information and there is a piece of legislation, the Access to Information Act. We apply the rules of the Access to Information Act when we get those requests, and we treated that document consistent with those rules.

Hon. Pierre Poilievre: Right, and your department is under investigation right now by the Information Commissioner as a result.

Mr. Paul Rochon: That's correct.

Hon. Pierre Poilievre: However, there's nothing in the act that prevents you from volunteering the information, so can you please tell us what a family earning, say, \$40,000 a year would pay under a new proposed carbon tax?

Mr. Paul Rochon: Actually, I think, if you look at the act and the Security of Information Act, they're quite clear that we are to release information under certain circumstances and not under others.

Hon. Pierre Poilievre: You mentioned security. You're suggesting that it would somehow harm the government's security if people knew what the tax was going to cost them.

Mr. Paul Rochon: No, no. I'm just saying we administer the act according to the legislation of Canada. Of course, if Parliament wants to change the legislation, that's always within the prerogative of Parliament.

Hon. Pierre Poilievre: All right, so we have here blacked-out documents on the cost of the carbon tax. We have a public servant

who I believe is being prevented from sharing information that is in the public interest to share. We have a minister who, under about a dozen questions, refuses to answer basic questions about what this tax will cost.

This looks like a cover-up, the carbon tax cover-up, and after receiving a dozen questions from me, you won't answer, Minister. Maybe you'll answer Mr. Albas' questions.

Mr. Dan Albas: Thank you, Mr. Chair.

Thank you, Mr. Poilievre.

Minister, this past Monday we had a veterans advocacy group here before us who said that in this BIA, under your proposed veterans pension for life, the difference in payouts is based on gender, and that this government wilfully and woefully implemented a human rights violation.

We already know the government is implementing what has been called a sexist carbon tax on female Canadians. Why is your government including a similarly troubling pension payout for veterans founded on gender discrimination? Again, it's based on monthly payouts versus a total lump sum. A female who's injured fighting for this country versus a male who has the same kind of damage would receive a different monthly amount.

Minister, why is it seen that you've created this situation?

Hon. Bill Morneau: Perhaps I can go through what in fact we've outlined.

We outlined on December 20th our pension-for-life plan, and it proposes three new benefits to provide recognition, income support, and stability to Canada's veterans who experience a service-related injury or illness.

One is pain and suffering compensation. It's a monthly tax-free benefit for life of up to \$1,150 for ill and injured veterans. The second is additional pain and suffering compensation. Again, it's a monthly tax-free benefit for life of up to \$1,500 for veterans whose injuries greatly impact their quality of life. Finally, there's a monthly income replacement benefit at 90% of a veteran's pre-release salary.

I'm anxious to understand your context.

Mr. Dan Albas: The context is exactly what I said, that if someone is injured they receive a different payout.

Minister, did your government perform a gender-based analysis on this pension for life for veterans?

• (1810)

Hon. Bill Morneau: We've performed a gender-based analysis on all the measures in our budget.

Mr. Dan Albas: We potentially have a mission in Mali coming up. Can you assure Canadians that if a female Canadian Armed Forces member is injured, the same as any male in similar circumstances, she will receive the same benefit on a monthly basis through your pension for life?

Hon. Bill Morneau: I can assure you that this approach is gender neutral and that the outcome is about the individual situation not—

Mr. Dan Albas: Are you suggesting the gentleman who came to us is misrepresenting your bill?

The Chair: We're well over, Mr. Albas.

Mr. Minister.

Hon. Bill Morneau: I would say, Mr. Chair, that I can't comment on somebody who I have not had the opportunity to talk to.

Mr. Dan Albas: I would hope that you would direct your officials to give this committee that information.

The Chair: I believe the committee has asked the veterans who were witnesses here to come back and respond to that example, had we not? I wasn't here that day, but I think we did. If we didn't, we will.

Hon. Bill Morneau: I would say, Mr. Chair, that we would be pleased to understand the situation suggested, to ensure, as we always want to, that we have considered all the situations that we want to consider.

Mr. Dan Albas: He did express concern, Mr. Chair, because you did question the same witness, so I really do hope that the minister will present that information—

The Chair: Yes, we'll try to clear that up.

Mr. Dan Albas: —including the gender-based analysis and the actual numbers.

The Chair: Thank you.

Mr. Sorbara.

Mr. Francesco Sorbara: Thank you, Mr. Chair.

Welcome, Minister.

Minister, I mentioned this to the Minister of National Revenue, who came before us just a little while ago, as a way of saying congratulations. Yesterday afternoon, A.T. Kearney came out with their 2018 direct investment confidence index. Canada moved up three spots. I'll read the quote without getting to the full report, which I had a chance to look at earlier. It says, "Canada moves up three spots...[to its] highest ranking in the history of the Index."

An update to the Investment Canada Act, a newly established Invest in Canada agency, and new trade agreements could be boosting investor optimism. We now rank number two in the world, slightly behind the United States but in front of many of our trading partners such as Germany, the U.K., China, Italy, and Switzerland. We were only one of three countries to move up three spots, the other two being Switzerland and Italy, all in the top 10. I wish to say congratulations. I think you need to do a victory lap once in a while and say that we are going the right way in terms of attracting investment here in Canada, and it's showing in a number of the announcements we've been doing recently.

However, our work remains unfinished and it continues. In the BIA legislation, we have a number of things that address labour participation rates. I wanted to hear your comments on the Canada workers benefit in terms of getting people into the labour force and keeping people in the labour force—say, if you're ready for retirement and you may want to work, you get a little boost there—and then attracting under-represented groups and increasing that labour force participation rate for women.

Hon. Bill Morneau: Thank you.

To address the first part of your comment/question, we're obviously pleased with where the economy is today. We do believe that Canada is competitive. We had an 8% increase in business investment in 2017. We do, however, know that there's always more work to be done. We recognize that the changes in the global environment—the NAFTA discussions, the changes in U.S. tax rates—require us to ensure that we think about how we can continue on our positive track around competitiveness for the long term. We do, though, see competitiveness as much more than trade, and that's very important, much more than taxes, although they're also very important. We do see it as having a very successful and resilient labour force.

In answering your question directly, we know that in an era where we're now at the lowest unemployment rate we've seen in 40 years, we need to think about how we get and keep people in the workforce, so the Canada workers benefit is an important factor in that goal. The funding of the LMDAs in the provinces is also critically important to make sure that we deal with people who go through the opportunity to find new jobs in different fields. The way to think about this is, as good as the economy is now—and we think of it in terms of the number of Canadians working—there's always more work to be done. The Canada workers benefit is an important step in that trajectory, but we'll need to consider what the next steps are in keeping that going.

• (1815)

The Chair: I'll move to Mr. Poilievre for one quick question. Then we'll have to adjourn.

You have one quick question, Pierre.

Hon. Bill Morneau: He said.... You're not Monsieur Poilievre.

Voices: Oh, oh!

The Chair: I'm sorry; it's Mr. Dusseault.

Sorry.

[Translation]

Mr. Pierre-Luc Dusseault: I prefer not to comment on that.

My question is very brief. I'd like the minister to comment on whether he thinks a monthly subscription to Netflix is a product or a service.

Hon. Bill Morneau: As we know, there are always changes in the economy. Companies like Netflix are changing the way they deliver services. This is also the case for other digital giants. That's why we look at the sector as a whole.

Mr. Pierre-Luc Dusseault: If I understand correctly, you consider it to be a service.

Hon. Bill Morneau: Of course, we have to look at each company. This project aims to ensure that our system works over the long term. We have to determine how it will be managed in the future. That's why we are working with our international counterparts in the OECD.

I'm hopeful that we will find a method that works to collect taxes from major digital companies.

Mr. Pierre-Luc Dusseault: In terms of the GST—

[English]

The Chair: Sorry, Pierre, but we do have to end it there.

That's unless you have one quick comment to leave on, Mr. Morneau.

[Translation]

Hon. Bill Morneau: Thank you.

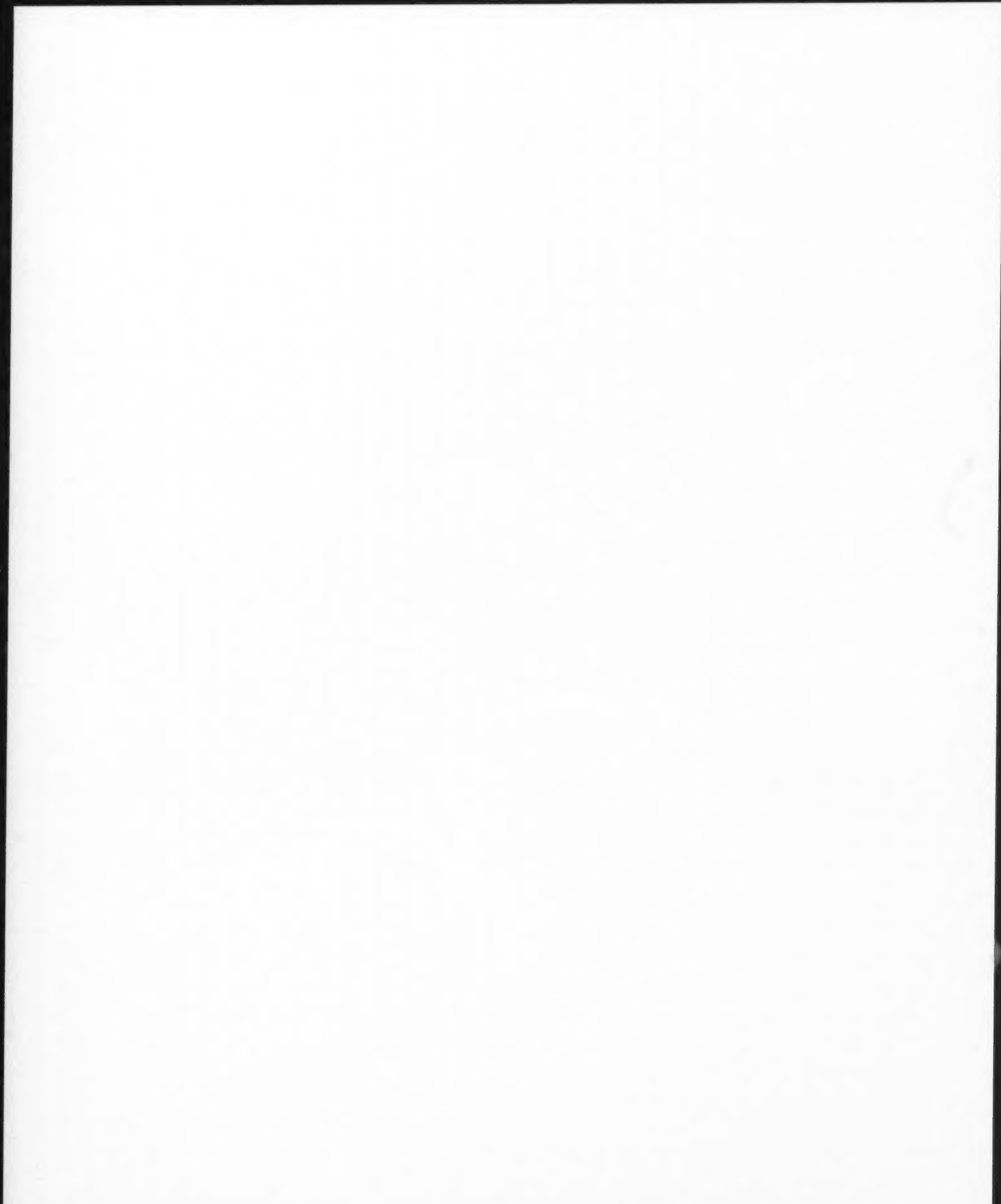
[English]

It's always a pleasure to be here. I look forward to being here the next time.

Thank you.

The Chair: Thank you very much, Mr. Minister and Mr. Deputy.

The meeting is adjourned.



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